

Instructions for Form 5471

(Revised January 1985)

Information Return With Respect to a Foreign Corporation

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Purpose of Form.—Certain U.S. persons involved in international operations file Form 5471 to report their activities.

Items You Should Note

The Tax Reform Act of 1984 (Act) made several changes in the foreign tax area, including the way Subpart F income is computed. Some of the major changes are listed below.

- Section 123 of the Act added section 864(d) to the Code. Section 864(d) defines "factoring income" and tells how it is treated. "Factoring income" arises when a person collects money on a trade or service receivable that it acquired from a related person. A "trade or service receivable" is any account receivable arising on the disposition of inventory or on the performance of services. Factoring income is generally treated as interest received from the obligor, and is subject to the separate limitation rules of section 904(d)(2) for foreign tax credit purposes.

Factoring income may be currently taxable to U.S. shareholders of foreign personal holding companies and controlled foreign corporations. If the income is taxable to controlled foreign corporation shareholders, it is taxable to them without regard to the 10% floor on Subpart F income. Also, purchased receivables may be treated as investments in U.S. property under Subpart F rules. Generally, these changes are effective for transfers of accounts receivable and evidences of indebtedness made after March 1, 1984.

- Section 125 of the Act added subsection (d) to section 535 of the Code to make the accumulated earnings tax applicable to certain U.S.-owned foreign corporations.

If any foreign corporation has 10% or more of earnings and profits, which are from U.S. sources or are effectively connected with a U.S.-trade or business, any dividend or interest income paid out of such earnings to a U.S.-owned foreign corporation is considered U.S. source income for purposes of the accumulated earnings tax.

This Act section is generally effective for tax years of U.S. owned foreign corporations beginning after December 31, 1984. However, for U.S.-owned foreign corporations coming into existence after March 23, 1983, and before January 1, 1985, this section of the Act is effective for their first tax year.

- Section 132 of the Act made several changes to the rules concerning foreign personal holding companies. For purposes of the stock ownership requirement used in determining foreign personal holding company status, stock ownership will not be attributed between family members who do not otherwise own stock in the company unless they are husband and wife.

Also, stock in a foreign corporation which is owned by a foreign partner is not attributable to a U.S. citizen or resident partner unless the U.S. citizen or resident owns stock in the corporation (including stock attributed other than through partnerships). If stock of a foreign personal holding company is owned by certain foreign entities (a foreign partnership, a foreign estate or trust, or a foreign corporation that is not a foreign personal holding company) the stock is treated as being owned by the entity's partners, beneficiaries, or shareholders.

Generally, these rules are effective for tax years of foreign corporations beginning after December 31, 1983.

- Section 134 of the Act amended section 1246(b)(2) to redefine the meaning of foreign investment companies. Any foreign corporation which is registered under the Investment Company Act of 1940 as either a management company or as a unit investment trust is still a foreign investment company. However, for sales, exchange, and distributions after September 28, 1983, the term includes any foreign corporation that is engaged (or holds itself out to be engaged) primarily in investing, reinvesting, or trading—

1. securities (as defined in section 2(a)(36) of the Investment Company Act of 1940, as amended),
2. commodities, or
3. any interest (including futures or forward contract) in stock or commodities.

The foreign corporation must be engaged in these activities at any time that at least 50% of the total combined voting power of all classes of its stock or more than 50% in the value of all classes of its stock was held, directly or indirectly, by U.S. persons.

For special rules regarding stock held on September 29, 1983, please see section 134(b)(2) of the Act.

- Section 135 of the Act clarified the role of foreign corporations under the collapsible corporation rules. Unless otherwise provided in regulations, foreign corporations may not give their consent under section 341(f)(1). Also, foreign corporations do not qualify as exempt transferees under section 341(f)(3). Both rules are effective on July 18, 1984.

- Section 136 of the Act added section 269B to the Code. For tax years beginning on or after July 18, 1984, if a foreign corporation and a domestic corporation are "stapled entities", the foreign corporation is treated as a domestic corporation. The foreign corporation is taxed on worldwide income and is subject to Subpart F rules as well as other tax laws. For these purposes, corporations are stapled entities if more than 50% in the value of the beneficial ownership interests of each are required to be transferred together.

Foreign corporations that would have been "stapled entities" if these rules would have been in effect on June 30, 1983, are not subject to these new rules until January 1, 1987.

- Section 137 of the Act added to section 954(e) a rule that services performed with respect to an insurance policy of a related person would be attributable to the country in which the insured losses, risks, or liabilities are located, and that the rules similar to those under section 953(b) should be used in computing income. For example, if a controlled foreign corporation insured a related person that is located outside the country in which the controlled foreign corporation was created or organized, the service income arising from that activity will be taxable currently to U.S. shareholders in the controlled foreign corporation as foreign base company service income. This rule applies to tax years of controlled foreign corporations beginning after July 18, 1984.

Who Must File Form 5471

Generally, the following U.S. persons who have an interest in a foreign corporation must file Form 5471. However, it may not be necessary to complete all of the schedules. Please read each of the categories of filers to determine which schedules apply. Do not duplicate information if you are described in more than one filing category.

You must complete a separate Form 5471 and the applicable schedules for each foreign corporation.

All filers should complete the identifying data and items 1 and 2 on page 1 of Form 5471.

Additionally, you may submit financial statements instead of certain schedules if the statements are in conformity with generally accepted accounting principles. Please refer to the specific instructions for details.

Under certain circumstances, one person may file Form 5471 and the applicable schedules for other persons who have the same filing requirements. Please refer to the specific instructions for Schedule L.

Categories of filers

A. U.S. citizens or residents who are officers, directors, or 10% or more shareholders in a foreign personal holding company.—Complete Schedules A through F and N. Also, see the instructions for Schedule L, if the same information is required of more than one person.

B. U.S. citizens or residents who are officers or directors of a foreign corporation in which a U.S. person acquires a 5% or more ownership, or acquires an additional 5% or more ownership (from the last time

information was reported).—Complete only Part I of Schedule O. Also, see the instructions for Schedule L if the same information is required of more than one person.

C. A U.S. person who is a shareholder in a foreign corporation and who—

(1) acquires a cumulative 5% or more ownership in the outstanding stock of the foreign corporation,

(2) acquires an additional 5% or more ownership in the outstanding value of the stock in the foreign corporation,

(3) owns 5% or more in the value of the outstanding stock of the foreign corporation when the corporation is reorganized,

(4) disposes of sufficient stock in the foreign corporation to reduce the U.S. person's ownership in the value of the outstanding stock in the foreign corporation to less than 5%; or

(5) a person who becomes a U.S. person while owning 5% or more in value of the outstanding stock of the foreign corporation.—Complete Schedules C through F, K, and O.

D. A U.S. person who had control of a foreign corporation for an uninterrupted period of at least 30 days during the annual accounting period of the foreign corporation.—Complete Schedules A through G, I, and M.

Also, see the instructions for Schedule L if the same information is required of more than one person.

E. A U.S. person who was a 10% or more shareholder in a corporation that was a controlled foreign corporation for an uninterrupted period of 30 days during its annual accounting period, and who owned stock in the controlled foreign corporation on the corporation's last day of its annual accounting period.—Complete Schedules C, D, E, J, and K. See the worksheets in the instructions for the computation of Subpart F income. See section 957(d) for exceptions for individuals who are residents of U.S. possessions.

Definitions—

U.S. Person.—A U.S. person is any of the following:

- (1) a U.S. citizen or resident,
- (2) a domestic partnership,
- (3) a domestic corporation, or
- (4) any estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

Control.—A U.S. person “controls” a foreign corporation if that person owns stock with more than 50% of the voting power of all classes of stock entitled to vote, or if that person owns more than 50% of the total value of all shares of stock in the foreign corporation.

In determining “control” the rules for constructive ownership contained in section 318 apply with the following exceptions:

(a) if a non-U.S. person who is a partner or who is a beneficiary of an estate or trust is the owner of the stock, the U.S. partnership or estate or trust will not be considered to own such stock;

(b) if a non-U.S. person is a shareholder in a U.S. corporation, the corporation will not be considered to own the stock of the shareholder;

(c) if 10% or more in the value of the stock is owned, directly or indirectly, by or for any person, section 318(a)(2)(C) will apply.

U.S. Shareholder.—A U.S. shareholder of a foreign corporation is a citizen or resident of the United States, a domestic partnership, a domestic corporation, or any estate or trust (other than a foreign estate or trust) who owns (directly, indirectly, or constructively) 10% or more of the total combined voting power of all classes of stock entitled to vote of the foreign corporation. For rules for determining stock ownership, see section 958.

Controlled Foreign Corporation.—A controlled foreign corporation is any foreign corporation of which more than 50% of the total combined voting power of all classes of stock entitled to vote is owned (directly, indirectly, or constructively) by U.S. shareholders on any day during the tax year of such foreign corporation. For rules relating to corporations deriving income from the insurance of U.S. risks and corporations organized in U.S. possessions, see sections 957(b) and 957(c).

Subpart F Income.—Subpart F income is defined in section 952. Generally, Subpart F income includes—

- (1) income from the insurance of U.S. risks;
- (2) foreign base company income;
- (3) international boycott income;
- (4) the amount of any illegal bribes, kickbacks, or other payments made to an employee, official, or agent of a government;
- (5) amounts withdrawn from investments in less developed country corporations;
- (6) amounts withdrawn from investments in foreign based shipping operations; and
- (7) the increase in earnings of the corporation invested in U.S. property for the year.

Related persons.—For purposes of completing Schedules C and D, the term “related” includes any person who has a relationship with the foreign corporation that is described in section 267(b). Also, the rules concerning the constructive ownership of stock contained in section 267(c) apply.

When To File

Attach Form 5471 and the appropriate schedules to your income tax return when you file it. An extension of time to file your income tax return is an extension of time to file Form 5471. Report information for the annual accounting period of the foreign corporation that ends with or within your income tax year.

However, for purposes of Schedule O, report acquisitions, dispositions, and reorganizations of foreign corporations that occur with or within your income tax year.

Special filing requirement for persons who complete Schedule O.—If you are required to file Form 5471 and Schedule O, in addition to attaching the form and schedule to your income tax return, you must file a copy of Form 5471 and Schedule O with the Internal Revenue Service Center, Philadelphia, PA 19255. File this copy by the due date of your income tax return (including extensions).

If you are not required to file an income tax return but are required to file Form 5471 and Schedule O, you must file Form 5471 and Schedule O with the Internal Revenue Service Center, Philadelphia, PA 19255. File Form 5471 and Schedule O by April 15 following the calendar year during which you become liable for filing Form 5471 and Schedule O. Report acquisitions, dispositions, and reorganizations that occurred during the calendar year.

Penalties.—Failure to file Form 5471 and the applicable schedules may result in the application of civil penalties unless reasonable cause can be established. Criminal penalties may also apply.

Failure to submit information required under section 6035 (Form 5471 and Schedule N).—

Any person required to submit this type of information who fails to do so or fails to report the information requested may be subject to a penalty of \$1,000 (section 6679). Additionally, criminal penalties under sections 7203, 7206, and 7207 may apply for failure to submit information or for filing false or fraudulent information.

Also, any person required to file Form 5471 and Schedule M who agrees to have another person file the form and schedule for him or her may be subject to the penalty if the other person does not file a correct and proper form and schedule.

Failure to submit information required under section 6038 (Form 5471 and Schedule M).—Section 6038 states that any person who fails to submit the required information under that Code section will lose a portion of the foreign taxes available for credit under sections 901, 902, and 960. The reduction is 10% of the taxes available for credit for failure to submit the information when required; and an additional 5% reduction is made for each additional 3 months that the required information is not submitted. See section 6038(c)(2) for limits on the amount of this penalty.

Also, a penalty of \$1,000 is imposed for failing to supply the information for each controlled foreign corporation under section 6038 when required. Additionally, if the required information is not submitted within 90 days after the Secretary has mailed notice to the U.S. person, an additional \$1,000 penalty (per corporation) is charged for every 30 days that the information is not submitted. See section 6038(c)(3) for rules coordinating these penalties.

Failure to submit information required under section 6046 (Form 5471 and Schedule O).—Any U.S. person who is required to file Form 5471 and Schedule O may be subject to a penalty of \$1,000 for each failure to timely file information with respect to each reportable transaction or for failure to submit the required information with respect to each transaction. (Section 6679(a).)

General Instructions

Page One.—Enter your name, address, and identifying number. For individuals, their identifying number is their social security number; for all others, their identifying number is their employer identification number.

Line 1—

(e) Enter the principal country in which the foreign corporation conducts its trade or business. This country may be different than the country of incorporation.

(f) Enter the business code number for the principal business activity. The codes are listed on page 11.

(g) Enter the principal business activity of the foreign corporation. See page 11 for a description of various business activities.

Line 2—If the foreign corporation had a branch or agent in the U.S., enter the name and identifying number of the branch or agent in the space provided on line 2. If the foreign corporation filed a U.S. income tax return, please complete the rest of the information on line 2.

Specific Instructions

Completion of Schedules C, D, E, F, or I.

—If you are required to complete Schedules C, D, E, F, or I for the annual accounting period of your foreign corporation, you may submit the information on any of those schedules in the form of statements that are in conformity with generally accepted accounting principles, rather than completing the line entries on the schedules. Unless you are required to file Schedule M, you are only required to complete Schedules C, D, and E (or the acceptable statements) for annual accounting periods of the foreign corporation when the foreign corporation pays you a dividend or generates Subpart F income. Schedule M filer must complete these schedules in all cases.

Schedule F—Complete the balance sheets showing all appropriate amounts at the beginning and the end of the foreign corporation's annual accounting period.

Schedule G—If the foreign corporation had outstanding loans or indebtedness to or from shareholders or other related parties at either the beginning or end of the foreign corporation's annual accounting period, please complete Schedule G.

Schedule H—Schedule H must be completed by any U.S. person which is a domestic corporation for each controlled foreign corporation in which it owns (as determined under section 958) 50% or more of the total combined voting power of all classes of stock entitled to vote. However, Schedule H will only be required for those tax years of the foreign corporation for which—

(1) An amount is includible in the gross income of such person with respect to such foreign corporation under section 951(a) and the benefits of section 960 are claimed;

(2) An amount is excluded from the foreign corporation's Subpart F income (within the meaning of section 952) by section 952(c) or section 952(d); or

(3) The benefits of section 902 are claimed with respect to taxes paid by such foreign corporation.

However, do not complete Schedule H if total assets at the end of the annual accounting period are less than \$25,000.

If more than one person is required to furnish the information required by Schedule H with respect to the same foreign corporation for the same year, only one need file the information if the other persons indicates on its income tax return

filed with respect to such corporation the name, address, and employer identification number of the person filing the information.

Earnings and Profits.—If the domestic corporation has so elected in accordance with the provisions of regulations section 1.902-1(g) or 1.964-1, the earnings and profits of the foreign corporation shall be computed either under the rules of regulations section 1.964-1 as modified by regulations section 1.902-1(g), or under the rules of regulations section 1.902-1(g), or under the rules of regulations section 1.964-1. In all other cases, the earning and profits of the foreign corporation shall be computed in accordance with Revenue Ruling 63-6, C.B. 1963-1, 126.

Exchange Rates.—In converting items on the profit and loss statement to U.S. dollars, the exchange rate(s) used shall be the exchange rate(s) normally used under the rules of the Code section being applied to determine earnings and profits.

Profit (loss) per Books.—The term "Profit (loss) per Books" means the Profit or loss shown on the books regularly maintained by the foreign corporation for the purpose of accounting to its shareholders.

Blocked Income.—The earnings and profits of the foreign corporation, as reflected on Schedule H, shall not be reduced by reason of the fact that all or any part of such earnings and profits could not have been distributed by the foreign corporation, because of currency or other restrictions or limitations imposed under the laws of any foreign country.

Schedule I—Complete Schedule I to analyze the unappropriated retained earnings of the foreign corporation at the end of its annual accounting period.

However, do not complete Schedule I if the total assets at the end of the annual accounting period are less than \$25,000.

Schedule J—Complete schedule J to summarize the income of a controlled foreign corporation that a U.S. shareholder must report. The worksheets that follow in these instructions may be used by U.S. shareholders to compute income of the controlled foreign corporation whose annual accounting period ends with or within the U.S. shareholder's income tax year. Do not file these worksheets when filing Form 5471.

A step by step procedure for computing the foreign base company income on the worksheets is contained in regulations section 1.952-3. Please refer to these proposed regulations when completing the worksheets.

Computation of Investment in United States Property.—Investment in United States property does not include: (1) the stocks and obligations of a domestic corporation which is neither a U.S. shareholder of the controlled foreign corporation nor a domestic corporation, 25% or more of the total combined voting power of which (immediately after the acquisition) is owned or considered as being owned by the U.S. shareholders of the controlled foreign corporation; and (2) any movable property (other than a vessel or aircraft) which is used for the purpose of exploring for, developing, removing, or

transporting resources from the ocean or under the ocean when used on the continental shelf of the United States.

Election by an Individual to be Taxed at Corporate Rates.—A U.S. shareholder who elects to be taxed at corporate rates on amounts included in income under section 951(a) must attach to his or her tax return a computation of tax under section 962.

Form 5713, International Boycott Report.

—Any person, or a member of a controlled group (within the meaning of section 993(a)(3)), which includes that person, which has operations in, or related to, a country (or with the government, a company, or a national of a country) which requires participation in or cooperation with an international boycott as a condition of doing business within such country or with the government, company, or national of that country, may be required to file Form 5713. Any person subject to the reporting requirements of section 999(a) is required to file Form 5713 in duplicate. One copy of Form 5713 should be attached to the income tax return. The other copy should be filed with the Internal Revenue Service Center, Philadelphia, PA 19255. For further details, see Form 5713.

International Boycott Income.—If a controlled foreign corporation or a member of a controlled group (within the meaning of section 993(a)(3)) that includes the foreign corporation agrees to participate in or cooperate with an international boycott, a portion of the income of the controlled foreign corporation is included in Subpart F income. The amount included in Subpart F income is determined by multiplying the income of the controlled foreign corporation (other than income included under section 951 and U.S. source effectively connected business income described in section 952(b)) by the international boycott factor. The international boycott factor is a fraction determined on Schedule A (Form 5713).

Special Rule.—If the shareholder of a controlled foreign corporation can clearly demonstrate that the income earned for the tax year is attributable to specific operations, then, instead of applying the international boycott factor, the addition to Subpart F income is the amount specifically attributable to the operations in which there was participation in or cooperation with an international boycott. See Schedule B (Form 5713).

Enter the amount of international boycott income on line 5 of worksheet A.

Illegal Bribes, Kickbacks, or Other Payments.

—Under section 952(a)(4), the sum of the amounts of any illegal bribes, kickbacks, or other payments (within the meaning of section 162(c)) paid by or on behalf of the corporation, directly or indirectly, to an official, employee, or agent of a government is considered Subpart F income. These are payments that would be unlawful under the Foreign Corrupt Practices Act of 1977. Enter the total amounts of these payments on line 6 of worksheet A.

Factoring Income.—If the controlled foreign corporation had any factoring income, as described in section 864(d), complete worksheet B, even if the Corporation has less than 10% Subpart F income.

Worksheets for computing income from a controlled foreign corporation

The worksheets below will enable you to compute the amount that you must include in your income for the annual accounting period of the controlled foreign corporation that ends with or within your income tax year.

Use the questions that follow as a guide in completing the various worksheets below.

- 1 Did the controlled foreign corporation have foreign base company income (as determined for purposes of section 954(b)(3)(A)) constituting 10% or more of its gross income? If "Yes," complete worksheet B. However, complete worksheet B if the corporation had any "factoring income".
- 2 Did the controlled foreign corporation receive premiums and other consideration from the insurance of U.S. risks in excess of 5% of the premiums and consideration received from insurance of all risks (section 953)? If "No," omit line 1 of worksheet A.
- 3 Has any amount ever been excluded from the foreign base company income of the controlled foreign corporation because of an increase in qualified investments in less developed country corporations or because of an increase in qualified investments in foreign base company shipping operations? If "Yes," complete worksheet D.
- 4 Has any amount ever been excluded from the Subpart F income of the controlled foreign corporation because it qualified as an export trade corporation? If "Yes," complete worksheet F.
- 5 Did the controlled foreign corporation hold any United States property at the close of its tax year (other than property excluded under section 956(b)(2))? If "Yes," complete worksheet C.
- 6 Is the controlled foreign corporation a foreign investment company or a foreign personal holding company? If "Yes," see section 951(c) or (d) and the related regulations.

Worksheet A—Pro Rata Share of Subpart F Income

1	Income derived from insurance of U.S. risks (section 953)	
2	Exclusion of U.S. sourced income (section 952(b)) re: insurance of U.S. risks	
3	Subtract line 2 from line 1	
4	Foreign base company income (worksheet B)	
5	International boycott income (see section 952(a)(3) and Form 5713)	
6	Amount of illegal bribes, kickbacks, or other payments (see section 952(a)(4))	
7	Add lines 3 through 6	
8	Pro rata share of line 7 (see regs. sec. 1.951-1(e))	
9	Pro rata share of earnings and profits limitation (sections 952(c) and (d))	
10	Line 8 or line 9, whichever is less	
11	Pro rata share of reduction for export trade income (worksheet E)	
12	Subtract line 11 from line 10	
13	(Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 12	
14	Dividends paid to any other person with respect to your stock	
15	(Number of days in tax year you did not own such stock over number of days in tax year) times line 12	
16	Line 14 or line 15, whichever is less	
17	Pro rata share of Subpart F income (line 13 less line 16). Enter here and on line 1, Schedule J	

Worksheet B—Foreign Base Company Income

Show gross amounts before exclusions. If the entire gross income of the controlled foreign corporation is treated under section 954(b)(3)(B) as foreign base company income, separate the gross income into foreign base company shipping income and other than foreign base company shipping income. Enter the amount of foreign base company shipping income on line 1 and complete lines 1 through 7; however, the exclusion on line 2(c) is not allowed. Enter the balance of the gross income on line 20 and complete the worksheet; however, the exclusion on line 21(a) is not allowed.

1	Foreign base company shipping income (see regulations section 1.954-6)	
2	Less foreign base company shipping income excluded under:	
	(a) Section 952(b) (U.S. sourced income under Subpart F)	
	(b) Section 954(b)(4)	
	(c) Section 954(b)(6) and (7)	
	(d) Dividends described in section 959(b)	
3	Subtract line 2 from line 1	
4	Deductions allocable to income shown on line 3 (section 954(b)(5))	
5	Subtract line 4 from line 3	
6	Increase in qualified investments in foreign base company shipping operations (see regulations section 1.954-7).	
7	Subtract line 6 from line 5 (net includible foreign base company shipping income)	
8	Rents and royalties (other than foreign base company shipping income)	
9	(a) Rents and royalties derived in the active conduct of a trade or business and received from an unrelated person (section 954(c)(3)(A))	
	(b) Rents and royalties received from a related person for the use of property in the country of incorporation of the controlled foreign corporation (section 954(c)(4)(C))	
10	Subtract line 9 from line 8	
11	Dividends, interest, and net gains from the sale or exchange of stock or securities	
12	Dividends, interest, and net gain described in sections 954(b)(6)(A), 954(c)(3)(B), 954(c)(3)(C), 954(c)(4)(A), and 954(c)(4)(C)	
13	Subtract line 12 from line 11	
14	Factoring Income (section 864(d))	
15	Other foreign personal holding company income	
16	Total foreign personal holding company income (add lines 10, 13, 14, and 15)	
17	Foreign base company sales income (section 954(d))	
18	Foreign base company services income (section 954(e))	
19	Foreign base company oil related income	
20	Total—add lines 16 through 19	
21	Exclusion of certain gross amounts included in line 20.	
	(a) Income described in section 954(b)(6)(B)	
	(b) Income described in section 954(b)(4).	
	(c) Dividends described in section 959(b).	
	(d) Exclusion of U.S. sourced income (section 952(b)).	
22	Subtract line 21 from line 20	
23	Deductions (including taxes) allocable to amounts included on line 22 (section 954(b)(5))	
24	Subtract line 23 from line 22	
25	Foreign base company income (line 7 plus line 24). Enter here and on line 4, worksheet A	

Worksheet C—Pro Rata Share of Increase in Earnings Invested in U.S. Property

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|----|---|--|
| 1 | Amount of U.S. property (other than property excluded under section 956(b)(2)) held, directly or indirectly, by the controlled foreign corporation at the close of the tax year | |
| 2 | If limitation applies, enter current and accumulated earnings and profits at the close of the tax year (see regs. sec. 1.956-1(b)) | |
| 3 | Amounts of earnings invested in U.S. property at the close of the tax year which would constitute a dividend if distributed on such date (line 1 or line 2, whichever is applicable). | |
| 4 | Amount of U.S. property (other than property excluded under section 956(b)(2)) held, directly or indirectly, by the controlled foreign corporation at the close of the preceding tax year | |
| 5 | If limitation applies, enter current and accumulated earnings and profits at the close of the preceding tax year (see regs. sec. 1.956-1(b)) | |
| 6 | Amount of earnings invested in U.S. property at the close of the preceding tax year which would constitute a dividend if distributed on such date (line 4 or line 5, whichever is applicable) | |
| 7 | Amounts paid during the preceding tax year to which section 959(c)(1) applies | |
| 8 | Subtract line 7 from line 6 | |
| 9 | Pro rata share of line 3 (see regs. sec. 1.956-1(d)) | |
| 10 | Pro rata share of line 8 (see regs. sec. 1.956-1(d)) | |
| 11 | Subtract line 10 from line 9 | |
| 12 | (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 11 | |
| 13 | Amounts excludable under section 959(a)(2). | |
| 14 | Pro rata share of increase in earnings invested in United States property (Subtract line 13 from line 12). Enter here and on line 2, Schedule J | |

Worksheet D—Pro Rata Share of Previously Excluded Subpart F Income Withdrawn From Qualified Investments in Less Developed Country Corporations and From Qualified Investments in Foreign Base Company Shipping Operations

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| 1 | Decrease in qualified investments in less developed countries (see regs. sec. 1.955-1(b)(1)) and foreign base company shipping operations (see regs. sec. 1.955A) | |
| 2 | Limitation (see regs. sec. 1.955-1(b)(2)): | |
| | (a) Sum of earnings and profits for the tax year and earnings and profits accumulated for prior tax years beginning after December 31, 1962. | |
| | (b) Sum of amounts invested in less developed countries or foreign base company shipping operations and excluded from foreign base company income for all prior tax years, less sum of such amounts withdrawn for such years (see regs. sec. 1.955-1(b)(2)(i)) | |
| 3 | Enter line 2(a) or line 2(b), whichever is less | |
| 4 | Previously excluded Subpart F income withdrawn for the tax year (line 1 or line 3, whichever is less) | |
| 5 | Pro rata share of line 4 (see regs. sec. 1.955-1(c)) | |
| 6 | (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 5. Enter here and on line 3, Schedule J | |

Worksheet E—Pro Rata Share of Reductions for Export Trade Income

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| 1 | Total export trade income (section 971(b)) | |
| 2 | Amount of line 1 which constitutes foreign base company income included in line 25, worksheet B | |
| 3 | 150% of export promotion expenses allocable to export trade income which constitutes foreign base company income (see regs. sec. 1.970-1(b)(2)(i)) | |
| 4 | 10% of gross receipts and gross amounts received or accrued which are attributable to export trade income which constitutes foreign base company income (see regs. sec. 1.970-1(b)(2)(ii)) | |
| 5 | Increase in investments in export trade assets (see regs. sec. 1.970-1(d)(2)) | |
| 6 | Line 5 times line 2 divided by line 1 | |
| 7 | Reduction for export trade income—enter the smallest of line 2, 3, 4, or 6 | |
| 8 | Pro rata share of line 7 (see regs. sec. 1.951-1(e)). Enter here and on line 11, worksheet A | |

Worksheet F—Pro Rata Share of Previously Excluded Export Trade Income Withdrawn from Investment in Export Trade Assets

- | | | |
|---|--|--|
| 1 | Decrease in investments in export trade assets (see regs. sec. 1.970-1(d)(3)) | |
| 2 | Pro rata share of line 1 | |
| 3 | Pro rata share of the sum of earnings and profits for the tax year and earnings and profits accumulated for prior tax years beginning after December 31, 1962 (see regs. sec. 1.970-1(c)(2)(ii)) | |
| 4 | Limitation under section 970(b) (see regs. sec. 1.970-1(c)(2)(i)): | |
| | (a) Pro rata share of the sum of the amounts by which Subpart F income for prior tax years was reduced under section 970(a) | |
| | (b) Pro rata share of the sum of the amounts which were not included in Subpart F income for prior tax years by reason of regs. sec. 1.972-1 | |
| | (c) Add lines 4(a) and 4(b) | |
| | (d) Pro rata share of the sum of the amounts which were previously included in your gross income for prior tax years under section 951(a)(1)(A)(ii) by reason of section 970(b) | |
| 5 | Subtract line 4(d) from line 4(c) | |
| 6 | Enter the smallest of line 2, 3, or 5 | |
| 7 | (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 6. Enter here and on line 4, Schedule J | |

Schedule K—Shareholders in a controlled foreign corporation who are reporting Subpart F income must complete Schedule K from the later of 1962 or the date the foreign corporation first generated Subpart F income.

U.S. shareholders who are completing Form 5471 and Schedule O must complete Schedule K for the foreign corporation for all of its annual accounting periods since 1962.

Schedule L—Under certain circumstances described below, one person may file Form 5471 and the applicable schedules for other persons who have the same filing requirements as the person filing Form 5471 (and schedules).

• A U.S. person who is otherwise required to file Schedule M will not have to file Schedule M if all of the following conditions are met:

- (1) the person does not own a direct interest in the foreign corporation, and
- (2) the person is required to file Schedule M only by rules of attribution, and
- (3) the person from whom the stock ownership is attributed files Form 5471 and Schedules L and M.

If you are excepted from filing Schedule M because all of the above conditions apply to you, you must submit a statement with your income tax return identifying the person who filed for you, that person's taxpayer identifying number, and the Service Center where that person files his or her income tax return.

• If you are an officer, director, or 10% or more U.S. shareholder in a foreign personal holding company who is filing Form 5471 and Schedule N and there are other officers, directors, or 10% or more U.S. shareholders who are required to file Form 5471 and Schedule N, you may file Form 5471 and Schedule N for these persons completing Schedule L.

• Any two or more officers or directors of a foreign corporation who must report information on Form 5471 and Schedule O

with respect to one or more U.S. shareholders of that foreign corporation may jointly file Form 5471. One officer or director must file Form 5471 and Schedule O in duplicate (as explained under "Who Must File") and complete Schedule L with respect to the other officers or directors.

Also, any two or more officers or directors required to file with respect to one or more shareholders of the same corporation may appoint, by one or more powers of attorney, one officer or director as attorney in fact for the purpose of preparing their separate returns or a joint return.

The power of attorney must be made in accordance with regulations section 1.6046-1(e)(3). It must be limited to a single tax year and to the preparation of Form 5471 and Part I of Schedule O. A copy of each power of attorney is not required to be filed with Form 5471 but must be available for inspection by the Internal Revenue Service.

Schedule M—Schedule M is an information return required by section 6038. Every U.S. person must file Schedule M for each foreign corporation that person controls for any 30 day period within the foreign corporation's annual accounting period. Schedule M is filed to report the transactions of the foreign corporation's annual accounting period ending with or within the U.S. person's income tax year.

Schedule N—Schedule N is an information return used to report the activities of a foreign personal holding company. Schedule N is used to report the information required by section 6035.

Foreign personal holding company.—A foreign personal holding company is defined in section 552. In general any foreign corporation is a foreign personal holding company if it meets a gross income test and a stock ownership test.

Gross income test.—At least 60% of the foreign personal holding company's gross income (as defined in section 555(a)) is foreign personal holding company income (section 553).

Foreign personal holding company income generally includes—(1) dividends, interest (including factoring income), royalties, and annuities; (2) gains from the sale or exchange of stock or securities; (3) gains from commodity transactions; (4) amounts received from estates and trusts; (5) amounts received under personal service contracts and from the sale of personal service contracts; (6) amounts received as compensation for use of corporation property by a shareholder; and (7) rents.

For a more detailed explanation, see section 553.

Once a foreign personal holding company meets the gross income test, the minimum percentage is lowered to 50% for any subsequent tax year. The foreign corporation will, however, continue to be considered a foreign personal holding company until either (1) the stock requirement test is not met or (2) the end of 3 consecutive tax years in each of which less than 50% of the gross income is foreign personal holding company income.

Stock ownership test.—The stock ownership test is met if, at any time during the tax year, 50% or more of the value of the outstanding stock of the foreign corporation is owned, directly or indirectly, by or for 5 or fewer individuals who are citizens or residents of the United States. The following do not qualify as foreign personal holding companies:

(1) a corporation exempt from income tax under Subchapter F (sections 501-528); and

(2) a corporation organized and doing business under the banking and credit laws of a foreign country if it is established to the satisfaction of the Secretary that the corporation is not being used to avoid or evade taxes that would normally be imposed upon its shareholders. If the corporation meets this test, the Secretary will issue a certificate that the corporation is not a foreign personal holding company.

Shareholders of a foreign corporation that qualifies for the exception above must attach a copy of the Secretary's certificate to their income tax return for each tax year that they are shareholders in the corporation.

Who Must File.—Every U.S. citizen or resident who is an officer, director, or 10% or more (either directly or indirectly) shareholder in a foreign personal holding company must file Schedule N. The information is submitted for the foreign personal holding company's annual accounting period that ends with or within the officer's, director's, or shareholder's income tax year.

Whether an individual is considered an officer, director, or 10% or more shareholder is determined on the date that Form 5471 is required to be filed. If no individual qualifies as of that date, the determination is made on the last day of the foreign corporation's taxable year in which there was such a person who was a U.S. citizen or resident.

An individual is considered to own the stock owned by members of his or her family as described in section 544(a)(2).

Corporation that ceases to be a foreign personal holding company.—File a return for a corporation that ceased being a foreign personal holding company after the tax year ended, if it was a foreign personal holding company during the tax year.

Change in rights.—If, during the tax year, an amendment to the corporate charter or any other cause changed the rights of various classes of shareholders or the conversion privileges of outstanding securities, attach a statement to the return describing the changes in detail.

Corporation organized or reorganized during the tax year.—If you are filing for a tax year in which the corporation was organized or reorganized, submit the following information:

(a) A list of the classes and kinds of assets transferred to the corporation for corporate stock or securities in connection with the organization or reorganization.

(b) A detailed list of any stock or securities included in the assets transferred to the corporation for its stock or securities.

(c) A list of the names and addresses of the persons who, immediately before the transfer, owned assets transferred to the corporation for its stock or securities.

First-time filer.—If this is the first time you are submitting information required under section 6035, attach the following information:

(a) A statement of stock ownership showing that during the corporation's tax year more than 50% in value of its outstanding stock was owned, directly or indirectly, by or for not more than five individual citizens or residents of the U.S.

(b) A detailed statement of the conversion privileges of any outstanding securities that are convertible to the corporation's stock.

(c) A detailed statement of the respective rights of the various classes of shareholders if more than one class of stock is outstanding.

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This information does not, however, need to be submitted if it was previously furnished by another person.

Specific Instructions for Part I (Schedule N)

Section A.—List in Section A the outstanding securities of the foreign personal holding company that are convertible into the stock of the foreign personal holding company. List the interest rate and the face value of the securities at the beginning and end of the corporation's annual accounting period.

Also list in Section A any options granted by the corporation during its taxable year.

Section B.—Identify each person who is the holder of convertible securities in the foreign personal holding company. Also, enter the class of securities held, the number and face value at the beginning and end of the corporation's tax year, and an explanation of any change in the holdings for each person holding the convertible securities.

Enter the name and address of each person granted an option for the stock of the foreign personal holding company.

Specific Instructions for Part II (Schedule N)

Section A.—Computation of Undistributed Foreign Personal Holding Company Income.

Part II is used to report the income and deductions of the foreign personal holding company's tax year.

Line 2.—Enter on line 2 any adjustments to the earnings and profits of the foreign personal holding company that are used to arrive at the taxable income of the foreign personal holding company. Examples of items that would increase the taxable income of the foreign personal holding company might be (1) expenses that are not deductible for income tax purposes but have been used in arriving at earnings and profits, and (2) excesses of capital losses over capital gains. Examples of amounts that would reduce the earnings and profits of the foreign personal holding company to arrive at its taxable income might be expenses deducted in prior years to determine earnings and profits of the foreign personal holding company that are properly chargeable in the current year in determining taxable income.

Line 5.—Excess of expenses and depreciation over income from property not allowable under section 556(b)(5).—Section 556(b)(5) provides a specific limitation in computing undistributed personal holding company income with respect to the allowance of deductions for trade or business expenses and depreciation that are allocable to the operation and maintenance of the property owned or operated by a foreign personal holding company. These deductions will not be allowed in excess of the aggregate amount of the rent or other compensation received for the use of, or the right to use, the property unless it is established to the satisfaction of the Commissioner:

(a) that the rent or other compensation received was the highest obtained, or, if none was received, that none was obtainable;

(b) that the property was held in the course of a business carried on for profit; and

(c) either that there was reasonable expectation that the operation of the property would result in a profit or that the property was necessary to the conduct of the business.

If excess deductions are claimed, attach a statement for each property showing the following:

(a) a description of the property;

(b) the cost or other basis to the corporation and the nature and value of the consideration paid for the property;

(c) the name and address of the person from whom the property was acquired and the date the property was acquired;

(d) the name and address of the person to whom the property was leased or rented, or the person permitted to use the property, and the number of shares of stock, if any, held by the person and the members of his or her family;

(e) the nature (cash, securities, services, etc.) and the gross amount of rent or other compensation received or accrued for the use of, or the right to use, the property during the tax year and for each of the 5 preceding years and the amount of expense incurred with respect to, and the depreciation sustained on, the property for such years;

(f) evidence that the rent or other compensation was the highest obtainable or, if none was received or accrued, a statement of the reason that none was received or accrued;

(g) a copy of the contract, lease, or rental agreement;

(h) the purpose for which the property was used;

(i) the business carried on by the corporation with the respect to which the property was held and the gross income, expenses, and taxable income derived from the conduct of such business for the tax year and for each of the 5 preceding years;

(j) the reasons for acquiring the property, for expecting that it would be profitable, and for using the property in the business of the corporation; and

(k) any other information in support of the deductions.

Line 6.—Deductions for taxes and payments to employees' pension trusts not allowable under section 556(b)(6).—Enter the total amount of any deductions taken in computing taxable income under the provisions of section 164(e), relating to taxes of a shareholder paid by the corporation, and section 404, relating to pension, trusts, etc.

Line 8.—Contributions deductible under section 556(b)(2).—For purposes of computing undistributed foreign personal holding company income, section 556(b)(2) and the related regulations apply to the limitations in section 170(b)(1)(A), (B), and (D).

The term "contribution base" when used in section 170(b)(1) means the corporation's taxable income computed (1) with the adjustments, other than the 10% limitation, provided in section 170(b)(2),

(2) without the deduction of the amount disallowed under section 556(b)(5) (relating to expenses and depreciation applicable to property of the taxpayer) and section 556(b)(6) (relating to taxes and contributions to pension and trusts) and (3) without the inclusion of the amounts includible as dividends under section 555(b) (relating to the inclusion in gross income of a foreign personal holding company of its distributive share of the undistributed foreign personal holding company income of another company in which it is a shareholder).

The carryover of charitable contributions made in a prior year is not allowed as a deduction in computing undistributed foreign personal holding company income for any tax year.

Line 9—Taxes.—Section 556(b)(1) provides a deduction for Federal income tax accrued (or, in some cases, paid) during the tax year, but not including the accumulated earning tax imposed by section 531 or the personal holding company tax imposed by section 541.

Attach a schedule showing (a) the nature of income on which Federal income tax was paid or withheld at the source; (b) when and where the tax was paid or withheld; (c) the amount of tax paid or accrued; and (d) the tax year to which the tax relates.

Also, attach a schedule of income, war profits, and excess profits tax of foreign countries and possessions of the U.S. accrued during the tax year to the extent not allowable as a deduction because a foreign tax credit was claimed.

Line 10—Net operating loss for the preceding tax year.—Section 556(b)(4) provides that in lieu of the net operating loss deduction provided in section 172 there will be allowed the amount of the net operating loss (as defined in section 172(c)) for the preceding tax year computed without the deductions provided in sections 241 through 250, except for section 248.

Section B.—Deduction for dividends paid.—Enter the deduction for dividends paid provided in section 561. The deduction for dividends paid is the sum of the dividends paid during the tax year and the consent dividends for the tax year (determined under section 565).

The rules in section 562 will apply in determining the deduction for dividends paid. Compute the deduction in Section B and attach (a) a copy of each dividend resolution and (b) a concise statement of the pertinent facts relating to the payment of each dividend, clearly specifying (1) the medium of payment and (2) if not paid in money, the fair market value and adjusted basis (or face value, if paid in the corporation's own obligations) on the date of distribution of the property, and (3) the manner in which the fair market value and adjusted basis were determined.

Schedule O—Schedule O is used to report the organization or reorganization of a foreign corporation and the acquisition of its stock under section 6046. U.S. persons who are officers, directors, or shareholders in a foreign corporation must complete Schedule O in certain cases described below.

Who Must Complete Schedule O

A. Officers and directors.—Every U.S. citizen or resident who is a director or officer of a foreign corporation must complete Schedule O to report each U.S. person who:

(1) acquires stock in a foreign corporation (in one or more transactions) that gives that person a 5% or more ownership in the foreign corporation. Stock owned by the U.S. person on January 1, 1963, however, is not considered in determination of the 5% amount, or

(2) acquires an additional 5% ownership in the foreign corporation after Schedule O has been filed.

Examples—

(1) Mr. Harris is a U.S. citizen who is a director of a foreign corporation. Mr. Johnson, also a U.S. citizen, acquired stock in the following transactions—

(a) on March 1, 1980, Johnson acquires 2% of the corporation's stock;

(b) on October 1, 1980, Johnson acquired an additional 2% of the corporation's stock; and

(c) on December 1, 1980, Johnson acquires an additional 2% of the corporation's stock.

Harris is required to report Johnson's December 1, 1980, transaction since Johnson at that point owned more than 5% of the foreign corporation.

(2) The facts are the same as above. Also, Johnson acquires an additional 4% of the foreign corporation's outstanding stock on March 1, 1983, and on April 1, 1983, Johnson acquires an additional 2% of the foreign corporation's outstanding stock.

Harris does not have to complete Schedule O for March 1, 1983, transaction since Johnson had not acquired an additional 5% since Harris last filed information under section 6046. Harris is, however, required to complete Schedule O for the April 1, 1983, transaction since Johnson had, at that time, acquired an additional 5% of the foreign corporation's outstanding stock.

B. Shareholders.—Every U.S. person must file Schedule O when:

(a) the person acquires (whether in one or more transactions) outstanding stock of a foreign corporation which has, or which when added to any stock then owned by that person (excluding any stock owned on January 1, 1963, if on that date he or she owned 5% or more in value of stock) has a value equal to 5% or more in value of the outstanding stock of the foreign corporation;

(b) the person, having already acquired 5% or more in value of the outstanding stock of the foreign corporation or the interest referred to in (a) above:

(i) acquires (whether in one or more transactions) an additional 5% or more in value of the outstanding stock of the foreign corporation,

(ii) owns 5% or more in value of the outstanding stock of the foreign corporation when the foreign corporation is reorganized, or

(iii) disposes of sufficient stock in the foreign corporation to reduce his or her interest to less than 5% in value of the corporation, or

(c) the person becomes a U.S. person while owning 5% or more in value of the outstanding stock of the foreign corporation.

Examples—

(1) On June 10, 1983, a domestic corporation Z acquires a 6% ownership in a foreign corporation. Z completes Form 5471 and Schedule O to report this transaction. On July 7, 1983, Z acquires an additional 4% of the outstanding stock of the foreign corporation and on September 2, 1983, Z acquires an additional 2% of the foreign corporation's outstanding stock. Z is not required to complete Schedule O for the July 7, 1983, transaction, but Z must complete Schedule O to report the September 2, 1983, transaction since that transaction gives Z an additional 5% ownership from the last time Z became liable for completing Schedule O (June 10, 1983).

(2) On May 1, 1983, D, a domestic corporation, owns 15% of the outstanding stock of a foreign corporation. On August 7, 1983, the foreign corporation was reorganized. As a result, D then owned 7% of the foreign corporation's outstanding stock. D must complete Schedule O to report this transaction.

(3) The facts are the same as above in Example (2). Additionally, on October 1, 1983, D donates 3% of the outstanding stock of the foreign corporation to a charitable organization. D must complete Schedule O to report this transaction since the transaction reduces D's interest in the foreign corporation to less than 5%.

C. Persons not required to file:

(1) An officer or director is not required to file Schedule O to report an acquisition of stock by a shareholder if:

- (a) three or fewer U.S. persons own 95% or more in value of the outstanding stock of the foreign corporations, and
- (b) a U.S. person files a return as a shareholder to report the acquisition.

An officer or director is not required to file a return with respect to a shareholder who is not required to file a return as described below.

(2) A shareholder is not required to file Schedule O if all of the following conditions are met:

- (a) the shareholder does not directly own an interest in the foreign corporation,
- (b) the shareholder is required to furnish the information solely by reason of attribution of stock ownership from a U.S. person, and
- (c) the person from whom the stock ownership is attributed furnishes all of the information required of the person to whom the stock ownership is attributed.

(3) For rules regarding shareholders who do not have to file Schedule O because shareholders who own more stock file for them, see regulations section 1.6046-1(e)(5). If you are a shareholder who is filing for other shareholders in this situation, enter those shareholders names in Schedule L.

Specific Instructions (Schedule O)

Part I

Column (a).—Enter the name of the shareholder whose transaction is being reported.

Column (b).—Enter the address of the shareholder being reported in column (a).

Column (c).—Enter the taxpayer identifying number for the shareholder being reported in column (a). For individuals, this is their social security number. For all others, it is their employer identification number.

Column (d).—Enter the date the shareholder being reported in column (a) first acquired a 5% or more ownership in the foreign corporation.

Column (e).—Enter the date the shareholder being reported in column (a) acquired an additional 5% or more ownership in the foreign corporation.

Part II

Part II may be completed by one or more shareholders who are participating in the same transaction that gives rise to the completion of Schedule O.

Section A.—

Column (a).—Enter the name of each shareholder who is completing Schedule O.

Column (b).—Enter the following for the last U.S. income tax return filed by the shareholder listed in column (a).

Column (1).—Enter the type of return filed (for example, Forms 1040, 1065, 1120, etc.).

Column (2).—Enter the date the last return was filed.

Column (3).—Enter the Internal Revenue Service Center where the shareholder listed in column (a) filed its last income tax return.

Column (c).—Enter the last date the shareholder listed in column (a) filed any information required by section 6046.

Section B.—The shareholder completing Section B must enter the following information with respect to any U.S. citizen or resident who is an officer or director of the foreign corporation.

Column (a).—Enter the name of each officer or director of the foreign corporation who is a U.S. citizen or resident.

Column (b).—Enter the address of each individual listed in column (a).

Column (c).—Enter the social security number of the individual listed in column (a).

Column (d).—Check the appropriate box or boxes that identify the individual listed in column (a).

Section C.—Section C is completed by shareholders who are completing Schedule O because they have acquired sufficient stock in a foreign corporation. If the shareholder acquired the stock in more than one transaction, use a separate line to report each transaction.

Column (a).—Enter the name of the U.S. shareholder.

Column (b).—Enter the class of stock acquired by the person listed in column (a).

Column (c).—Enter the date the stock was acquired by the person listed in column (a).

Column (d).—Enter the method of acquisition. (For example, "purchase," "gift," "bequest," "trade," etc.)

Column (e).—Enter the number of shares—

Column (1).—Acquired directly by the person listed in column (a).

Column (2).—Acquired indirectly by the shareholder listed in column (a), such as through the purchase of stock in one foreign corporation that has sufficient ownership in a second foreign corporation that would require the shareholder to file Schedule O.

Column (3).—Constructively owned by the shareholder listed in column (a).

For purposes of column (3), stock owned directly or indirectly by, or for, a foreign corporation or a foreign partnership is considered as being owned proportionately by its shareholders or partners. An individual is considered as owning the stock owned directly or indirectly by, or for, his or her brothers and sisters (whether by whole or half blood), spouse, ancestors, and lineal descendants.

Column (f).—Enter the amount paid by the shareholder listed in column (a) for the shares of stock listed in column (e). If no price was paid, enter the value given for the shares.

Column (g).—Enter the name and address of the person from whom the shareholder listed in column (a) purchased the shares of stock entered in column (e).

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System authorized by Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify enterprises by type of activity in which they are engaged.

Using the list below, enter on page 1, under 1(f), the code number for the specific industry group from which the largest percentage of "total receipts" is derived.

If, as its principal business activity, the corporation (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010-3998) under "Manufacturing."

Agriculture, Forestry, and Fishing	
<i>Code</i>	
0400	Agricultural production
0600	Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping
Mining	
Metal mining	
1010	Iron ores
1070	Copper, lead and zinc, gold and silver ores
1098	Other metal mining
1150	Coal mining
Oil and gas extraction	
1330	Crude petroleum, natural gas, and natural gas liquids
1380	Oil and gas field services
Nonmetallic minerals, except fuels	
1430	Dimension, crushed and broken stone; sand and gravel
1498	Other nonmetallic minerals, except fuels
Construction	
General building contractors and operative builders	
1510	General building contractors
1531	Operative builders
1600	Heavy construction contractors
Special trade contractors	
1711	Plumbing, heating, and air conditioning
1731	Electrical work
1798	Other special trade contractors
Manufacturing	
Food and kindred products	
2010	Meat products
2020	Dairy products
2030	Preserved fruits and vegetables
2040	Grain mill products
2050	Bakery products
2060	Sugar and confectionary products
2081	Malt liquors and malt
2088	Alcoholic beverages, except malt liquors and malt
2089	Bottled soft drinks, and flavorings
2096	Other food and kindred products
2100	Tobacco manufacturers
Textile mill products	
2228	Weaving mills and textile finishing
2250	Knitting mills
2298	Other textile mill products
Apparel and other textile products	
2315	Men's and boys' clothing
2345	Women's and children's clothing
2388	Other apparel and accessories
2390	Miscellaneous fabricated textile products
Lumber and wood products	
2415	Logging, sawmills, and planing mills
2430	Millwork, plywood, and related products
2498	Other wood products, including wood buildings and mobile homes
2500	Furniture and fixtures

<i>Code</i>	
Paper and allied products	
2625	Pulp, paper, and board mills
2699	Other paper products
Printing and publishing	
2710	Newspapers
2720	Periodicals
2735	Books, greeting cards, and miscellaneous publishing
2799	Commercial and other printing, and printing trade services
Chemicals and allied products	
2815	Industrial chemicals, plastics materials and synthetics
2830	Drugs
2840	Soap, cleaners, and toilet goods
2850	Paints and allied products
2898	Agricultural and other chemical products
Petroleum refining and related industries (including those integrated with extraction)	
2910	Petroleum refining (including integrated)
2998	Other petroleum and coal products
Rubber and misc. plastics products	
3050	Rubber products, plastics footwear, hose and belting
3070	Misc. plastics products
Leather and leather products	
3140	Footwear, except rubber
3198	Other leather and leather products
Stone, clay, and glass products	
3225	Glass products
3240	Cement, hydraulic
3270	Concrete, gypsum, and plaster products
3298	Other nonmetallic mineral products
Primary metal industries	
3370	Ferrous metal industries; misc. primary metal products
3380	Nonferrous metal industries
Fabricated metal products	
3410	Metal cans and shipping containers
3428	Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products
3430	Plumbing and heating, except electric and warm air
3440	Fabricated structural metal products
3460	Metal forgings and stampings
3470	Coating, engraving, and allied services
3480	Ordnance and accessories, except vehicles and guided missiles
3490	Misc. fabricated metal products
Machinery, except electrical	
3520	Farm machinery
3530	Construction and related machinery
3540	Metalworking machinery
3550	Special industry machinery
3560	General industrial machinery
3570	Office, computing, and accounting machines
3598	Other machinery except electrical

<i>Code</i>	
Electrical and electronic equipment	
3630	Household appliances
3665	Radio, television, and communication equipment
3670	Electronic components and accessories
3698	Other electrical equipment
3710	Motor vehicles and equipment
Transportation equipment, except motor vehicles	
3725	Aircraft, guided missiles and parts
3730	Ship and boat building and repairing
3798	Other transportation equipment, except motor vehicles
Instruments and related products	
3815	Scientific instruments and measuring devices; watches and clocks
3845	Optical, medical, and ophthalmic goods
3860	Photographic equipment and supplies
3998	Other manufacturing products
Transportation and Public Utilities	
Transportation	
4000	Railroad transportation
4100	Local and interurban passenger transit
4200	Trucking and warehousing
4400	Water transportation
4500	Transportation by air
4600	Pipe lines, except natural gas
4700	Miscellaneous transportation services
Communication	
4825	Telephone, telegraph, and other communication services
4830	Radio and television broadcasting
Electric, gas, and sanitary services	
4910	Electric services
4920	Gas production and distribution
4930	Combination utility services
4990	Water supply and other sanitary services
Wholesale Trade	
Durable	
5008	Machinery, equipment, and supplies
5010	Motor vehicles and automotive equipment
5020	Furniture and home furnishings
5030	Lumber and construction materials
5040	Sporting, recreational, photographic, and hobby goods, toys and supplies
5050	Metals and minerals, except petroleum and scrap
5060	Electrical goods
5070	Hardware, plumbing and heating equipment and supplies
5098	Other durable goods
Nondurable	
5110	Paper and paper products
5129	Drugs, drug proprietaries, and druggists' sundries
5130	Apparel, piece goods, and notions
5140	Groceries and related products
5150	Farm-product raw materials
5160	Chemicals and allied products
5170	Petroleum and petroleum products
5180	Alcoholic beverages
5190	Misc. nondurable goods
Retail Trade	
Building materials, garden supplies, and mobile home dealers	
5220	Building materials dealers
5251	Hardware stores
5265	Garden supplies and mobile home dealers
5300 General merchandise stores	
Food stores:	
5410	Grocery stores
5490	Other food stores
Automotive dealers and service stations	
5515	Motor vehicle dealers
5541	Gasoline service stations
5598	Other automotive dealers
5600	Apparel and accessory stores
5700	Furniture and home furnishings stores
5800	Eating and drinking places

<i>Code</i>	
Misc. retail stores	
5912	Drug stores and proprietary stores
5921	Liquor store.
5995	Other retail stores
Finance, Insurance, and Real Estate	
Banking	
6030	Mutual savings banks
6060	Bank holding companies
6090	Banks, except mutual savings banks and bank holding companies
Credit agencies other than banks	
6120	Savings and loan associations
6140	Personal credit institutions
6150	Business credit institutions
6199	Other credit agencies
Security, commodity brokers and services	
6210	Security brokers, dealers, and flotation companies
6299	Commodity contracts brokers and dealers; security and commodity exchanges; and allied services
Insurance	
6355	Life insurance
6356	Mutual insurance, except life or marine and certain fire or flood insurance companies
6359	Other insurance companies
6411	Insurance agents, brokers, and service
Real estate	
6511	Real estate operators and lessors of buildings
6516	Lessors of mining, oil, and similar property
6518	Lessors of railroad property and other real property
6530	Condominium management and cooperative housing associations
6550	Subdividers and developers
6599	Other real estate
Holding and other investment companies, except bank holding companies	
6742	Regulated investment companies
6743	Real estate investment trusts
6744	Small business investment companies
6749	Other holding and investment companies except bank holding companies
Services	
7000 Hotels and other lodging places	
7200 Personal services	
Business services	
7310	Advertising
7389	Business services, except advertising
Auto repair; misc. repair services	
7500	Auto repair and services
7600	Misc. repair services
Amusement and recreation services	
7812	Motion picture production, distribution, and services
7830	Motion picture theaters
7900	Amusement and recreation services, except motion pictures
Other services	
8015	Offices of physicians, including osteopathic physicians
8021	Offices of dentists
8040	Offices of other health practitioners
8050	Nursing and personal care facilities
8060	Hospitals
8071	Medical laboratories
8099	Other medical services
8111	Legal services
8200	Educational services
8300	Social services
8600	Membership organizations
8911	Architectural and engineering services
8930	Accounting, auditing, and bookkeeping
8980	Miscellaneous services (including veterinarians)